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SUBJECT: BULGARIA: CENTER-RIGHT'S DESPERATE MARRIAGE OF
CONVENIENCE

Classified By: Ambassador Nancy McEldowney for reasons 1.4 (b) and (d)

11. (C) SUMMARY: After an acrimonious five hour debate, Bulgaria's small center-right UDF party (Union of Democratic Forces) agreed to form a pre-election coalition with its bitter breakaway center-right rival DSB (Democrats for a Strong Bulgaria). Although a positive step that will likely enable them to cross the electoral four percent threshold, the "re-marriage" of convenience will not lead to dramatic electoral breakthroughs. Nor will it resolve the intense rivalry between them, mostly centered on the polarizing personality of DSB leader Ivan Kostov. In short, they have unenthusiastically made a necessary tactical move, but have not addressed any of their fundamental weaknesses in appealing to even their own electoral base let alone a jaded and cynical population at large. Their factional infighting is likely to continue even if they make it into parliament; and, if they manage to enter a post-election governing coalition led by a larger centrist party, their animosity could become a destabilizing factor. END SUMMARY.

Rocky Marriage of Convenience

12. (C) Understanding that separately they were unlikely to cross the four percent threshold to enter parliament in this summer's general election, UDF and DSB agreed to form a pre-election coalition on March 10 (also open to other rightist parties). Reflecting the difficulty of bringing themselves to agreement, UDF Chairman Dimitrov said that "today we swallow our bitterness." MP seats will be distributed 60:40 in favor of UDF, and a joint parliamentary group with co-chairs from both parties will be formed. The agreement also says that UDF will top the ballots for the European Parliament (EP) election on June 17.

13. (C) Bad blood between the parties remains. One UDF National Council member publicly stated the UDF-DSB agreement marked "the end of the Union of Democratic Forces."

Though they share center-right political values, the two parties are like "oil and water," according to a former UDF leader. Even during the glory days before the party split in 2004, the faction led by former PM Ivan Kostov quarreled with other UDF leaders. When Kostov broke away to form the DSB, bloody feud ensued. Egos overwhelmed ideology and pragmatism. The two parties spiraled downward in popularity. In coalition negotiations there was no real effort to resolve personal animosities or agree on a clear platform to present the electorate. Their animosities

could again erupt at any time and undermine the fragile coalition. Center-right voters well understand the coalition is not a new dawn for the center-right but a desperate survival gambit. But many will nevertheless vote for the coalition and hope for the best.

14. (C) While still negotiating the coalition, both sides reached out to the Embassy. Kostov asked us to press the UDF to unify on its terms, and the UDF asked how much it should compromise. Brushing these aside, Ambassador made clear in separate meetings with Kostov and Dimitrov that unity was key to the center-right's survival and that both sides needed to make their own hard decisions about the future.

Surviving Two Elections

15. (C) The coalition's first and largest hurdle is the June EP election, several weeks before Bulgaria's general election (exact date TBD). The EP's threshold is six percent. Alone, neither UDF nor DSB could have reached the six percent mark. Together they have a chance but no guarantee, and both still fear that failure to enter the EP will doom their chances in the general election. Kostov's presence on the ticket may turn off large numbers of UDF and independent center-right voters, who will vote GERB or stay home.

16. (C) If the coalition can get past the EP threshold,

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its chances of getting four percent in the general elections are good. Then UDF and DSB can negotiate with GERB to join a center-right coalition government. But at that point, according to local pundits, the pressure to cooperate will be gone and the old problems could easily resurface, weakening and destabilizing the coalition government.

The Kostov Factor

17. (C) Today's UDF and DSB are remnants of the once-powerful UDF that formed a majority government 1997-2001 under then PM Kostov. His historic reforms put Bulgaria on track to free market democracy and EU and NATO membership. But painful economic reforms, corruption allegations, and Kostov's dictatorial personal style (nicknamed "the commander") led to UDF's defeat in 2001 by former King Simeon Saxe-Coburg. The UDF continued to decline amid unrelenting corruption scandals and ego clashes, culminating in 2004 when Kostov and his supporters left to form DSB. The split contributed to the Socialist victory in 2005 and further decline of the two rightist parties. Attempts to regroup foundered mostly on Kostov's personality. UDF leaders feared Kostov would overshadow them and turn the party into a one-man show, as he did in the past. Kostov's supporters see him as Bulgaria's true democratic savior, the only one strong enough to keep Bulgaria on the right track.

18. (C) COMMENT: UDF and DSB understand they need to get into parliament this year or their days are numbered. The reluctant coalition will likely make it into the next parliament with some 15-20 seats, but not trigger a broader center-right revival. Ego squabbles and petty quarrels over coalition format, election ticket, etc., will dog the coalition. If they do squeak into the next parliament, they will face new problems. They will be dwarfed by the larger parties. They may not have enough seats with GERB to form a government and GERB may look for other partners. They would likely be gadflies or backbenchers (and with

their egos and infighting, more trouble than they are worth to a dominant party) and their ability to influence policy is likely to be quite limited unless a political convulsion alters the election landscape. End Comment.

19. (SBU) Bio note: A good embassy contact, UDF leader Martin Dimitrov has supported U.S. policies as an MP, particularly on energy security matters and legislation to close duty free shops (which were notorious for money laundering and tax evasion). At 31, Dimitrov is a respected young economist and MP but lacks charisma. He traveled to the United States on a two-week DOS-sponsored International Visitors' Program for young leaders in January 2008.

McEldowney